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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

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In re:

Chapter 11

DESOTO OWNERS LLC,

Case No. 20-

Debtor.  
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**FRIDMAN LOCAL RULE 1007- 4 DECLARATION**

**Moshe Fridman**, declaring under penalty of perjury, pursuant to 28 U.S.C. §1746, says:

1. I am the Chief Executive Officer of Desoto Owners, LLC (the “Debtor”), the above-named debtor and have personal knowledge of the facts stated.
2. The Debtor has filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§101, et seq. (the “Bankruptcy Code”), on September 22, 2020 (the “Filing Date”). I submit this declaration pursuant to E.D.N.Y. Local Bankruptcy Rule 1007-4.

**Debtor’s Business and Reasons for Filing**

3. The Debtor is a limited liability corporation located at 1156 58th Street, Brooklyn, New York. It is not a small business within the meaning of section 101(51D) of the Bankruptcy Code.
4. The Debtor owns the Desoto Square Mall which is situated on 59 acres in Bradenton in Manatee County, Florida (the “Mall”). The Mall is currently 40% occupied by



retail tenants.

5. By Purchase and Sale Agreement dated August 8, 2016, ML Estate Holdings, LLC (“ML Holdings” or “Purchaser”) purchased the Mall from Desoto Square Mall, LLC (“Seller”). The Mall was acquired on March 17, 2017 for \$25.5 million, with Romspen US Master Mortgage LP (the “Lender”), providing a loan to the Debtor to complete the transaction. At the closing, title to the Mall was taken by the Debtor. At the time ML Holdings was a 50% membership interest in the Debtor. Currently 100% of the membership interests in the Debtor is owned by Desoto Holding LLC which has commenced its own chapter 11 case in this Court.

6. After taking control of the Mall, management discovered that the Seller had perpetrated a fraud on ML Holdings. Records and information provided by the Seller (i) fraudulently disguised the Seller’s complete disregard for the Mall’s physical condition and security, (ii) inflated the income generated by the Mall, and (iii) reflected phantom tenants. Taken together, they resulted in a massive overstatement of the Mall’s finances and profitability. ML Holdings has sued the Seller in an action which is pending in the Supreme Court of New York, County of Kings under Index No. 522621/2018.

7. The Debtor made payments on the mortgage to Romspen for approximately one year, but because the Mall never generated the income projected due to the Seller’s fraud, it ultimately went into default. On January 30, 2020, a Judgement of Foreclosure was entered in Case No.: 2018CA003897AX in the Circuit Court of the Twelfth Judicial Circuit in Manatee County, Florida in the amount of \$29,350,990.62. A foreclosure sale of the Mall was scheduled for September 23, 2020.

8. The Debtor does not believe it can reorganize in its existing configuration as a shopping mall. Over the past two years the Debtor has poured significant funds and energy into



comprehensive plans to redevelop the entire 59-acre site into a mixed use residential and commercial development. The proposed multi-phase project is being well received by the local government. A team of professionals has brought the proposed development to the final phase of obtaining preliminary approval of the Debtor's plans. The Debtor expects that preliminary approval will be given within 90 days.

#### **Assets and Liabilities**

9. The Mall is the Debtor's only significant asset. Its value is undetermined at this time. The Debtor's creditors are as listed in the schedules being filed with this petition. Total claims approximate \$32 million with approximately \$1.2 million being unsecured.

#### **Miscellaneous**

10. No property of the Debtor is in the possession or custody and control of any public officer, receiver, trustee or assignee for the benefit of creditors, mortgagees, pledgees or assignees.

11. Except for foreclosure sale pending in the action referenced above the Debtor is not a defendant in, or a party to, any other litigation.

12. No prepetition committee was formed by creditors of the Debtor.

13. A list of the 20 largest creditors is annexed as Exhibit A. The Debtor's schedules D, E and F reflecting its secured and unsecured creditors are being filed concurrent with this declaration.

14. The Debtor's equity is not publicly held.

15. The Debtor's payroll obligations for the next 30 days does not include any amounts to officers or insiders and is projected to be \$23,522.

16. The Debtor believes that with the protection of this Court, it will be able to maximize the value of its assets for the benefit of all creditors.



September 22, 2020



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Moshe Fridman